

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**Investigation by the Department of Telecommunications and Energy)
on its own Motion pursuant to G.L. c. 159, §§ 12 and 16, into the)
collocation security policies of Verizon New England Inc d/b/a Verizon))
Massachusetts)**

D.T.E. 02-8

INITIAL BRIEF OF THE ATTORNEY GENERAL

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August 9, 2002

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I. INTRODUCTION AND SUMMARY OF ARGUMENT

Pursuant to the Hearing Officer's February 27, 2002 procedural memorandum, the Attorney General this initial brief.¹ In light of the events of September 11, 2001, the Department has rightly heightened its sensitivity to security issues within its domain. While changing entrance requirements may not prevent terrorists from destroying a central office through use of aircraft, this is a prime opportunity to examine whether Verizon's central offices are adequately protected against reasonable risks of harm to personnel and equipment. Protecting Verizon's central offices from unauthorized intrusion and activity benefits consumers because these central offices, and the interconnecting competitors' facilities, are inextricably linked to consumers' business and residential wired telephone lines. The Attorney General applauds the Department for undertaking this worthwhile investigation.

After reviewing the available data and evidence in this proceeding, however, it appears

¹ This initial brief is not intended to address every argument made or position taken by Verizon or the competitive local exchange carriers ("CLECs"). Silence by the Attorney General in regard to any particular argument, assertion of fact, or statement of position should not be interpreted, construed, or treated as assent, acquiescence or agreement with such argument, assertion or position.

that Verizon is meeting its obligations to protect the integrity of the network through its current central office (“CO”) collocation procedures with two exceptions: (1) Verizon should complete a full central office security risk assessment, and (2) the Company should enhance its outside law enforcement communication efforts. Furthermore, Verizon has not demonstrated a need at this time for designating any central offices as “critical” and requiring only virtual collocation.²

II. STATEMENT OF THE CASE

On January 24, 2002, the Department opened its investigation into Verizon’s collocation security measures and procedures for its Massachusetts central offices. Notice of Investigation and Public Hearing (January 24, 2002) (“Notice”). On April 5, 2002, Verizon filed its proposed Collocation Security Plan (“Verizon Proposal”) and supporting testimony. The Department held a public hearing and conducted several procedural conferences. On June 28, 2002, the Department separated out for later discussion all cost considerations. Hearing Officer Ruling (June 28, 2002).

The Attorney General and several carriers intervened in the proceeding,³ and the parties and the Department issued discovery on this phase of the investigation. Allegiance, AT&T, Covad, Qwest, Sprint, and WorldCom filed rebuttal testimony, and Verizon filed surrebuttal testimony. The Department conducted evidentiary hearings at its Boston offices on July 10 - 12,

² Virtual collocation arrangements allow the CLEC to lease its equipment to Verizon and Verizon installs, maintains, repairs, and upgrades the CLEC equipment at CLEC direction. Proposal, p. 11.

³ The Department granted full intervenor status to Verizon New England Inc. d/b/a Verizon Massachusetts (“Verizon”), Allegiance Telecom of Massachusetts, Inc. (“Allegiance”), AT&T Communications of New England, Inc. (“AT&T”), Conversent Communications of Massachusetts, LLC, Covad Communications Company (“Covad”), Global NAPs, Inc., International Brotherhood of Electrical Workers, NEON Optica Inc., Qwest Communications Corporation (“Qwest”), Sprint Communications Company L.P. (“Sprint”), WorldCom, Inc. (“WorldCom”), and XO Communications.

2002, during which Verizon, Allegiance, AT&T, Covad, Qwest, Sprint, and WorldCom sponsored witnesses.⁴

III. STANDARD OF REVIEW

In its Order of Notice opening the investigation, the Department stated that it would review the Department's "prior findings with respect to access by personnel of other carriers to Verizon's central offices and other facilities, and to assess the security measures in place to protect those facilities." Notice, p. 1. The Department will also "address Verizon's obligations with respect to CO security, and whether Verizon is meeting those obligations." Hearing Officer Ruling (June 28, 2002), p. 5. Verizon's collocation security policies, according to the Department, must be just, reasonable, safe, adequate and proper, see G.L. c. 159, § 16, and must include preventative as well as after-the-fact measures. Notice, p. 1. If, after assessing whether Verizon's current security measures are adequate under § 16, the Department finds that Verizon is meeting its obligations regarding collocation security, the Department will not order any changes. Hearing Officer Ruling (June 28, 2002), p. 5. The Department ordered Verizon to file a proposed collocation security report with any proposed changes to its procedures. Hearing Officer Memorandum (February 27, 2002).

IV. ARGUMENT

Based on the data Verizon has provided, the Department should find that Verizon is adequately meeting its collocation security obligations with two exceptions: (1) the Company

⁴ Lawrence Craft, Robert Jacobs, Frank Mattera, Lynelle Reney, and Peter Shepherd testified for Verizon; Wendy Perrott testified for Allegiance; Anthony Fea, Douglas Gorham, Christopher Nurse, and Michael Paszynsky testified for AT&T; Michael Clancy and Bart Shea testified for Covad; Michael Adragna and Anne Cullather testified for Qwest; Edward Fox testified for Sprint; and Roy Lathrop testified for WorldCom.

should complete a full central office risk assessment, and (2) the Company should enhance its communication efforts with outside law enforcement officials. Based on available data and the record in this proceeding, the Department should reject the Company's proposal to designate certain central offices as "critical."

A. Verizon's current collocation security procedures, in general, are adequate

Verizon already has in place collocation security procedures and requirements that allow Verizon to control unauthorized CLEC and non-employee access by installing security cameras, using CATV monitoring systems, requiring employees and non-employees to use identification badges and/or key-controlled or card readers on central office premises, and requiring separate entrances. Proposal, p. 13. In addition, Verizon's security policies permit the Company to report serious or significant criminal acts to outside law enforcement and to assist law enforcement in their investigations. AG-VZ-1-1 (with supplement); AG-VZ-2-1, Tr. 2; p. 304. Verizon provides a toll-free number for reporting suspicious activity. Tr. 3, p. 627. Verizon encourages its employees to go directly to the police when faced with emergency matters or serious danger. Tr. 2, p. 304-305. Verizon tracks and records collocation and security reports. Tr. 3, p. 751.

As a result, fewer than 30 reports out of Verizon's nearly 35,000 Verizon East⁵ CLEC collocation incident reports between January 1, 2000 and April 2002, were classified as security-related and in Massachusetts, and none of them resulted in customer service interruptions. Tr. 3, p. 626-627, 644-645, 749-753 RR DTE-VZ-2. Furthermore, Verizon states it has not experienced any harmful security violations in Massachusetts. Proposal, p. 21.

⁵ Verizon East includes all states within its Eastern United States footprint, including Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, and Washington, D.C.

B. The Company has not completed its central office risk assessment program

The Department said it would investigate “which policies, if any, should be strengthened to safeguard telecommunications networks from tampering and thereby to ensure reliable telecommunications service to the citizens of Massachusetts.” Order, p. 1; Tr. A, p. 5. One important method of detecting security risks is to conduct risk assessments of the central offices. Verizon stated at hearings that it has begun risk assessments for certain “vital” Massachusetts central offices, but not for all central offices in the Commonwealth. Tr. 2, p. 319, 323. The Department should require Verizon to complete a full central office risk assessment for all its Massachusetts central offices. When that is has been completed, the Department should evaluate the collocation security issue again to determine whether additional security measures are required.

C. Verizon should increase its law enforcement communication efforts

A vital part of Verizon’s obligations to ensure the integrity of its network is communication with outside law enforcement officials about incidents and security violations by employees and non-employees, advising occupants as to the Company’s collocation security and law enforcement policies and procedures, and responding appropriately to security violations. Verizon’s witnesses testified that its policy is to refer some, but not all, security incidents to local law enforcement officials. Tr. 2, p. 305. Verizon testified that whether they refer a particular matter to the “outside” is entirely within their discretion, because “Verizon is under no legal obligation to report suspected activity to law enforcement.” Tr. 2, p. 306.

Although Verizon’s collocation referral policy indicates that the Company always refers

suspected violations by non-employees to law enforcement, it uses five criteria⁶ for suspected violations by employees and then subjects those suspected violations to several layers of management and internal legal review. AG-VZ-2-1. The Department should require that the Company maintain an identical, streamlined policy for both non-employees and employees to give a more accurate view of suspicious activity within the central offices. Verizon's discretionary policy to filter and refer some, but not all, suspected unlawful acts to law enforcement, therefore, holds the potential of under-reporting criminal activity, whether by Verizon employees, CLEC employees, or others.

Additionally, Verizon does not inform its employees or CLEC collocators of its law enforcement referral policy, and so has failed to take advantage of an opportunity to deter unlawful activity. Tr. 2, pp. 308-309. Verizon also testified that in October - November 2000, it did not take any remedial measures after repeated theft incidents in the Revere, Massachusetts central office.⁷ Tr. 3, p. 688. That failure to make any "site hardening" changes to the Revere CO in light of serial thefts of CLEC equipment raises questions about the Company's current efforts to address security violations.

⁶ According to Verizon, it uses five criteria to evaluate employee-related cases for outside referral: (1) any legal obligation to refer; (2) the amount of loss involved; (3) the strength of the evidence; (4) the deterrent value of referral; and (5) the impact of referral on Verizon's business. AG-VZ-2-1, attachment, p. 2.

⁷ See Verizon's record request response, RR-Sprint-VZ 1, attachment page 1: "Customer states that someone cut her power and stole her equipment [Sprint router] from the second floor ... the estimated cost is between \$4000 and \$16,000 ... called to advise a similar incident [sic] happened at this C.O. with another CLEC." See also RR-AG VZ 1: "Verizon Security concluded that these reports were a one-time theft involving two separate collocators' equipment. Therefore, no changes were made to the Revere CO as a result ..." According to Sprint, two Verizon employees watched the incident. Tr. 2, pp. 521-523.

The Department, therefore, should require Verizon to adopt a more aggressive and open approach to involving local, state, and federal law enforcement in investigating suspected activity within the central offices. The Department should maintain continuing oversight of repeat violations and should require Verizon to report back to the Department on its activity. Additionally, Verizon should streamline its reporting criteria. Finally, the Department should require Verizon to conduct its risk assessment of the Revere CO with special emphasis towards remedying the circumstances which allowed two repeated thefts of CLEC equipment.

D. The Department should not adopt Verizon's proposal to designate any Massachusetts central offices as "critical" at this time

In its Proposal, Verizon urged the Department to consider designating some Massachusetts central offices as "critical" to the network and restricting CLEC collocation access to virtual collocation arrangements only. Proposal, p. 24.⁸ Verizon also suggests that CLECs should not be allowed on Verizon premises without an escort. Tr. 2, p. 335. Verizon has not demonstrated sufficient need at this time to implement these additional collocation security proposals. As noted, Verizon reports that fewer than 30 out of 35,000 incidents reports in the Verizon East footprint were Massachusetts and security-related and none resulted in customer service interruptions or harmful security violations. Moreover, of the 89 customer service interruption reports Verizon filed between January 26, 1999 and July 15, 2002, none appear to involve collocation activities. RR-DTE-VZ 3.⁹ These statistics demonstrate that Verizon's

⁸ Although Verizon has not nominated any particular central office for "critical" designation at this time, Verizon does have a proprietary list of 200 central offices and other sites that Verizon considers network-critical sites. See Verizon's response to RR-IBEW-VZ-1 (proprietary).

⁹ Most of these service interruptions were caused by contractors digging up cables and water
(continued...)

proposal to designate certain central offices as “critical” and requiring CLEC access only through virtual collocation arrangements is unnecessary at this time. If these circumstances change in the future, Verizon should ask the Department to review this matter again.

V. CONCLUSION

For these reasons, the Attorney General urges the Department to retain its current collocation security requirements for Verizon, but require the Company to complete its security risk assessments on all central offices, and to enhance its outside law enforcement communication efforts. Furthermore, it is unnecessary for the Department to adopt Verizon’s request to designate central offices as “critical” and requiring only virtual collocation arrangements for CLECs at this time.

Respectfully submitted

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⁹(...continued)
getting into the cables, resulting in dial tone loss to customers. The longest reported actual service restoral time was 294 hours (Cambridge, March 20, 2002).

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding by e-mail and either hand-delivery or mail.

Dated at Boston this 9th day of August 2002.

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